

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION
DECISION PACKAGES
2011 BIENNIUM

Biennial
Investment

Program 01 – Administration

PL 103 - Rent Increase

\$ 110,473 GF

This decision package reinstates the rent increase approved by the 2007 Legislature. We relocated our offices from sub-standard office space and entered into a 10 year lease in our new location. Programs 2, 6, and 8 are allocated rent increases to be paid from non-general fund sources.

PL 104 - Distance Learning Assistance

115,907 GF

The 2007 Legislature appropriated \$225,000 of General Fund for on-going support of distance learning. During the base year, not all funding was spent. This decision package restores the distance learning budget to approximately \$225,000 per year to allow the program to continue to work with the campuses on a coordinated, system-wide approach to distance learning.

NP 102 - Information Resources, Planning & Communication 250,000 GF

In recent years, the Board of Regents has made it a priority to improve system-wide strategic planning, information resources, communications, and collaboration with statewide agencies and educational institutions. To accomplish these tasks, funds were transferred from Program 09 to Program 01 and since the funding was spent on modified positions, the funding was not captured in the base budget. We request the funding necessary to continue these critical efforts.

Program 02 – Student Assistance

PL 200 - Rent increase

1,794 SSR

See PL 103 description

PL 201 - WICHE/WWAMI/MN Dental

1,383,378 GF

This decision package requests funding to continue the present student slots at anticipated increased tuition levels for the WICHE, WWAMI, and MN Dental professional student exchange programs. There are no new student slots in this decision package.

PL 202 - GSL Reimbursement**64,000 GF**

This decision package provides general fund support to reimburse GSL for their efforts administering various student assistance programs, such as the Governor's Postsecondary Scholarship Program, High School Honors Fee Waivers, the Montana Higher Education Grant, and others.

PL 203 - Governor's Post Secondary Scholarship**1,986,000 GF**

This decision package provides the funding necessary to fund the present number of students in the Governor's Scholarship Program. The program is now fully implemented and with this decision package will be funded at \$2.5 million per year.

PL 204 - Quality Educator Loan Forgiveness Program**1,485,440 GF**

This new program was created during the 2007 Legislative session, with the objective of attracting public school teachers to underserved Montana school districts by providing state funding assistance to help those teachers pay outstanding student loans. A qualifying educator will be eligible for the loan assistance for a maximum of four years and the annual maximum repayment amount is \$3,000.

PL 206 - Montana Family Education Savings Plan**18,000 SSR**

With the upcoming expiration of Montana's 529 education savings program manager, there will be increased costs related to the preparation, review, and award of the contract, as well as costs to transition a new program manager.

Program 03 – Improving Teacher Quality**Proposed Amendment****279,556 FSR**

Increase Federal spending authority to level of expected Federal grant for FY10 & FY11.

Program 06 – Educational Outreach & Diversity**PL 600 - Rent Increase****26,786 FSR**

See PL 103 description.

PL 601 - Additional Federal Authority for GEAR UP-Revised 1,896,611 FSR

Montana GEAR UP operates under a six year discretionary federal grant. The request for additional authority will allow all the GEAR UP grant to be expended and provide federally funded college scholarships to GEAR UP students.

Program 08 – Work Force Development

PL 800 - Rent increase 15,749 FSR

See PL 103 description.

PL 801 - Increased Federal authority for Perkins 1,762,022 FSR

This increased federal authority will allow the Commissioner's office to award the federally funded grants and to transfer the required federal funding to OPI.

NP 802 - Fund Deputy Commissioner for 2-Yr Education 100,000 GF

We request \$50,000 general fund per year to convert the Director of Two-Year Education within OCHE to the Deputy Commissioner for Two-Year Education, to focus on two-year issues and system-wide solutions. While the availability of two-year education in Montana is broad and diverse, the number of students taking advantage of two-year education is low. There is a need in Montana to develop a coordinated system of two-year education. This approach must strive to increase college participation for all ages of students, address regional workforce training needs, align strategies and resources, increase administrative efficiencies, and improve public perception.

Program 11 – Tribal College Assistance

NP 1101 – Restore One-Time-Only funding to be ongoing 922,800 GF

In FY08 and FY09, the amount appropriated to the tribal colleges for support of non-beneficiary student assistance amounted to \$957,000 per year. The \$957,000 allowed for the funding of each non-beneficiary student at the statutory maximum of \$3,024 per year. Without the approval of this decision package, tribal college assistance will be appropriated at \$450,000 per year which is less than one-half the amounts appropriated for the present biennium.

Program 12 – Guaranteed Student Loan Program

PL 1202 – Loan Servicing Costs Increase

1,142,716 FSR

Increased servicing costs are the result of a newly negotiated servicing agreement to continue to provide a student loan guarantee/processing system and data processing services. The effective date of the contract was July 1, 2008. With the new contract, MGSLP servicing costs will increase nearly 50%. The increased costs are relative to the loan portfolio growth that MGSLP has experienced, as the contract pricing is based on the agency's outstanding principal balance of loans under guarantee. This cost increase will be 100% funded from federal funds.

PL 1202 – Increased Collection Costs

6,293,332 FSR

The MGSLP anticipates the need for increased collection cost appropriation due to changes in the guarantor funding model as set forth in the College Cost Reduction Act (CCRA). CCRA changes increased MGSLP's remittance requirement on claims payments to the U.S Department of Education by 7%. Additionally, MGSLP anticipates more collections and associated collection costs due to projected increases in claims payments based on increased loan limits, increased borrowing, and a slowed economy. This cost increase will be 100% funded with federal funds.

PL 1203 – Increased Claims Payments

11,619,000 FSR

This decision is being driven by loan portfolio growth. The growth is attributed to increased federal loan limits and an increase in the number of borrowers. The portfolio balance was \$1.6 billion in FY 2006, \$1.77 billion in FY2007, and grew to \$1.94 billion in FY 2008.

Program 13 – Board of Regents

PL 1301 – Board of Regents Per Diem

12,600 GF

Board of Regents per diem is zero based. This request restores the per diem of \$6,300 general fund per year.

PL 1302 – Board of Regents Mileage

6,512 GF

This decision package provides funding for travel reimbursement for regents traveling to Board of Regents meetings.